

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 076681

FOR UNDER SECRETARY VOLCKER

FOLLOWING SENT SECSTATE WASHDC INFO DACCA ISLAMABAD
NEW DELHI FROM TEHRAN 22 APR 73:

QUOTE TEHRAN 2681

DEPTO 68

E. O. 11652: GDS

TAGS: EFIN, IN, ETRD

SUBJECTS: DEPUTY SECRETARY' S CALL ON INDIAN FINANCE MINISTER
TRADE RELATIONS

1. DURING DEPUTY SECRETARY' S CALL APRIL 20 ON INDIAN FINANCE
MINISTER CHAVAN, FIN MIN WELCOMED PRESIDENT' S TRADE BILL AND PLAN
TO ENTER TRADE NEGOTIATIONS THIS FALL. CHAVAN SAID INDIA' S ONLY
CONCERN WAS US RESTRICTIONS ON CERTAIN IMPORT ITEMS SUCH AS
TEXTILES.
INDIA WONDERED HOW LONG US LIST OF RESTRICTED ITEMS WOULD BE.

2. DEP SEC DESCRIBED ADMINISTRATION TRADE BILL INDICATING IT
WOULD GIVE PRESIDENT AUTHORITY TO NEGOTIATE ON SAME BASIS AS OTHER
NATIONS. SAID US WAS ANXIOUS TO PROMOTE TRADE AND REMOVE BARRIERS
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BUT US WAS VICTIM OF SEVERE TRADE DISCRIMINATION. US NO LONGER HOLDS DOMINANT POSITION OF TRADE OF POST WORLD WAR II PERIOD BUT INSTEAD, SUFFERS FROM MAJOR INBALANCE. THIS WAS SITUATION WE COULD NOT TOLERATE. IT WAS RESULT OF OVERVALUATION OF DOLLAR AND QUOTAS AND OTHER NON- TARRIFF TRADE BARRIERS. SO FAR WE HAVE NOT RETALIATED. OUR OBJECTIVE IS INCREASED TRADE BUT WE WERE GETTING INTO POSITION TO RETALIATE IF WE HAVE TO DO SO.

3. AMBASSADOR MOYNIHAN TOOK OPPORTUNITY TO REVIEW FOR FINANCE MINISTER HIS RECENT BOMBAY SPEECH ON TRADE. EXPLAINED HE HAD SAID THERE NO REASON INDIAN EXPORTS TO US SHOULD NOT EXPAND. GENERALIZED SYSTEM OF PREFERENCES WOULD PARTICULARLY BENEFIT INDIA. INDIA, HOWEVER, ALREADY HAD FAVORABLE BALANCE OF TRADE WITH US. CONSEQUENTLY, IF INDIAN EXPORTS GREW, US MUST EXPORT IN RETURN. THIS WOULD REQUIRE THAT THERE BE NON NON- TARRIFF BARRIERS TO AMERICAN TRADE. US WANTS NOTHING MORE THAN ACCESS TO INDIAN MARKETS EQUAL TO THAT OF OTHER COUNTRIES. AMBASSADOR POINTED OUT PART OF INDIAN PRESS THOUGHT HE HAD REQUESTED " EQUAL TRADE". THIS WAS NOT SO. NOR DID AMBASSADOR SAY THAT INDIA MUST OPEN ITS PLANNED ECONOMY TO US GOODS. US ASKS ONLY EQUAL ACCESS.

4. FINANCE SECRETARY KAUL COMMENTED THAT IF RECENT INDIAN FOOD IMPORTS WERE TAKEN INTO ACCOUNT, TRADE BALANCE WOULD NOT BE IN DEFICIT.

5. DEP SEC REAFFIRMED AMBASSADOR' S STATEMENT. US DID NOT WANT EQUAL TRADE ON BARTER BASIS. WHAT WE WANT WAS REMOVAL OF TRADE BARRIERS SO WE COULD HAVE EQUAL ACCESS. CERTAIN NATIONS, SUCH AS JAPAN, HAD PRACTICED SERIOUS DISCRIMINATION AGAINST US. WE ARE DIRECTING OUR ENERGIES TOWARD REMOVAL OF TRADE BARRIERS BUT IF WE ARE NEVERTHELESS DISCRIMINATED AGAINST WE WILL RETALIATE.

6. KAUL SAID INDIANS WERE WORRIED ABOUT US LIMITATIONS ON IMPORTS IN AREAS IN WHICH INDIA CAN DO BEST, SUCH AS TEXTILES, DEP SEC DESCRIBED SERIOUS DISRUPTION OF US TEXTILES MARKET BY IMPORTS AND INDICATED US NONETHELESS WAS WILLING TO DISCUSS INDIAN REQUEST FOR PERMISSION TO EXPORT MORE TEXTILES TO US THIS FY.

KAUL CLAIMED THAT DISRUPTION COMES MORE FROM DEVELOPED COUNTRIES THAN DEVELOPING NATIONS WHOSE SHARE OF MARKETS IS SMALL. DEP SEC REPLIED THAT A NATION CAN BE DEVELOPED IN REGARD
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TO ONE OR TWO PRODUCTS AND UNDERDEVELOPED OTHERWISE. WE NONE- THE LESS WISH TO SEE UNDERCEVELOPED COUNTRIES EXPAND TRADE.
RUSH UNQUOTE PORTER

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